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Sixty-fifth session, part I
Geneva, 4–8 and 25 and 26 June 2018

Draft report of the Trade and Development Board on its sixty-fifth session, part I

Held at the Palais des Nations, Geneva, from 4 to 8 and 25 and 26 June 2018

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GE.18-09481(E)

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President's summary

Industrial policies and productive capacity policies for a digital economy

(Agenda item 2 (b))

1. The Deputy Secretary-General of UNCTAD made the opening remarks for the second panel discussion. The panel, with the Ambassador and Permanent Representative of Pakistan as moderator, was composed of representatives of the West African Economic and Monetary Union, GE Digital Foundry Europe and the University of Geneva.

2. During the discussion, the Deputy Secretary-General and panellists underscored the rapid changes in digital technologies, the impacts they were likely to have on the economy and society, including production and consumption patterns, as well as international trade in goods and services, and the policy responses needed to manage them. The panellists and participants also addressed the array of challenges and urgency faced by developing country policymakers to maximize the benefits of new digital technologies and electronic commerce (e-commerce).

3. One delegate suggested that countries might wish to draw inspiration from his country's new national e-commerce strategy, and thanked UNCTAD for the support in preparing it.

4. The representative of one regional group and some delegates highlighted the need to improve infrastructure, especially as half of the world's population remained offline.

5. The panellists and some participants discussed the winner-takes-all phenomenon in the digital economy, in terms of the limited ability of developing countries to compete with more developed countries, but also with regard to large global digital platforms.

6. One panellist noted that developing countries had benefited from some of the free services (such as translation) offered by those large digital platforms, while one delegate raised concerns about their market dominance and the value they obtained from developing countries in the form of users' data. The panellist and another participant discussed possible policy responses to the issue, such as local taxation, while another panellist and participant focused on whether to support alternative domestic or regional online platforms.

7. Some panellists, delegates and regional groups discussed the role of data in the digital economy and issues such as data protection. One delegate called for a framework to deal with the issues raised. In response to a question from another delegate on the free flow of data, one panellist pointed out that an important distinction should be made between the question of the desirable level of ease of cross-border data flows and the question of the price at which data should be exchanged and how the value generated in data transactions should be shared. The expression "free data flows" was misleading in that sense.

8. Some delegations underscored the importance of UNCTAD as a space to discuss those issues, including at a forthcoming e-commerce week in Africa that UNCTAD was organizing.

9. Some regional groups and delegates expressed appreciation for UNCTAD work on the digital economy, including the analysis provided to member States and technical cooperation programmes such as the rapid assessments on electronic trade readiness.

10. One regional group called on UNCTAD to upscale its policy review mandate, including on e-commerce and the digital economy, and requested UNCTAD to strengthen its work on enhancing development gains from those areas.

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President's summary

New ways in which the United Nations could address the crisis of multilateralism and trade and its development machinery and what the contribution of UNCTAD would be

(Agenda item 2 (a))

1. The first panel of the high-level segment of the sixty-fifth session, part I, of the Trade and Development Board was composed of the Secretary-General of UNCTAD, Minister of Foreign Affairs and European Integration of the Republic of Moldova, European Union Trade Commissioner and Deputy Director-General of the World Trade Organization. The panel led the discussion under the agenda item, moderated by the Chief Correspondent of the Reuters Geneva bureau.

2. One panellist stated that a trade war was not yet the case. Though a trade war could occur, it should be prevented. The multilateral trading system was, however, in crisis and thus should be revived by unblocking Doha Round negotiations of the World Trade Organization, especially on development issues, and addressing new issues. Flexibilities were needed for the members most in need. Also, appointments to the Appellate Body needed to be unblocked.

3. Another panellist suggested that the current crisis in the multilateral trading system was not the first nor the last. Finding a solution to such conflicts required continuous, constructive dialogue between parties in the multilateral setting of the World Trade Organization, rather than unilaterally.

4. A third panellist highlighted that trade was a cross-cutting policy tool that could be an engine for development. However, to be deployed for economic development, it needed to be made inclusive and accessible to all, to achieve the Sustainable Development Goals.

5. Another panellist stressed compliance with existing multilateral rules. The key issue of a globalization that marginalized many people in all countries should be addressed by building up productive and infrastructure capacities with environmentally friendly systems, developing skills, putting in place social protection and making innovative and pragmatic use of new technologies.

6. One delegate noted that inequalities within and between country persisted despite trade. Most panellists further stated that multilateral cooperation was crucial, while one panellist said that the Sustainable Development Goals were the most comprehensive answer to that challenge. Most panellists and the representative of one regional group said that comprehensive policies were needed that went beyond market access, addressing issues such as competitiveness and distribution of gains from trade equitably.

7. Some panellists and several delegations underscored that UNCTAD was an important forum for non-binding discussion, leading to policy conclusions that could later be turned into multilateral trade rules and help unblock negotiations in the World Trade Organization. Some panellists and delegations emphasized the role of UNCTAD in global policy analysis to foster development on issues such as trade policy and trends, non-tariff measures, e-trade, investment, technology, gender and small and medium-sized enterprises. Some delegations also stated that UNCTAD had an important role in the ongoing reform of the United Nations development system.

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President's summary

Plugging financial leakages and mobilizing domestic and international resources to deliver on the Sustainable Development Goals

(Agenda item 2 (c))

1. The third panel of the high-level segment consisted of the Ambassador and Permanent Representative of the Permanent Mission of Jamaica to the United Nations (New York), the Global Leader Fellow of Oxford University and former Minister of Planning and Evaluation of Public Policies of Togo, the Director of the Economic Development Division of the Economic Commission for Latin America and the Caribbean of the United Nations and the Minister Plenipotentiary of the Permanent Mission of Nigeria to the United Nations (New York). A Professor of Jawaharlal Nehru University in New Delhi moderated the discussion.

2. The Deputy Secretary-General of UNCTAD emphasized in her opening remarks that mobilizing resources, both domestic and international, was crucial to achieving the Sustainable Development Goals. In that respect, plugging financial leakages and tackling illicit financial flows were key to meeting the 2030 Agenda for Sustainable Development and reducing poverty and inequality in developing countries. One panellist and several delegates highlighted the lack of an agreed definition of illicit financial flows. Another panellist explained the difference between "illicit" and "illegal" financial flows, arguing that financial leakages could be licit or illicit, on the one hand, and legal or illegal, on the other. Some panellists and delegates pointed out that, in many cases, legal outflows, such as those associated with tax avoidance, constituted the bulk of outflows and should therefore be included as illicit financial flows.

3. Some panellists and delegates noted that, given the lack of a single agreed definition of illicit financial flows, it was a challenge to come up with a precise estimate or measure of illicit financial flows. Several panellists and delegates mentioned illicit financial flow figures ranging from $50 billion a year for Africa, to up to $500 billion a year for Asia. Some participants also noted ongoing work by UNCTAD and the United Nations Office on Drugs and Crime, together with the Economic Commission for Latin America and the Caribbean and the Economic Commission for Africa, to develop a common methodology to measure illicit financial flows. Overall, panellists and participants highlighted the significant impact of losses on government revenue and, therefore, potentially also on the resources available for the development agenda due to financial leakages, such as corruption, criminal activities, tax evasion and avoidance and, most recently, as noted by one panellist, the use of cryptocurrencies to transfer money from criminal activities. Some panellists stated that developing countries had made efforts to improve tax collection, but that they were confronted with significant challenges that hindered their resource mobilization efforts and they sometimes lacked the capacity to take action or had little saying in international norm-setting by developed countries. In addition to building capacity in developing countries to strengthen tax administration and custom duty collection, some participants noted that the issue of illicit financial flows called for international cooperation at the global and regional levels, given the cross-border nature of those flows.

4. Several panellists and participants suggested different policy recommendations to reduce financial leakages, namely, setting up an intergovernmental body to combat illicit financial flows through improved financial regulation; improving fiscal transparency; reconsidering excessive fiscal and related incentives to attract foreign direct investment; considering a unitary approach to the taxation of multinational companies; and strengthening asset recovery.

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President's summary

Building resilience to multiple shocks affecting people and sustainable development

(Agenda item 2 (d))

1. The last panel of the high-level segment comprised the Special Envoy for Climate Change of Poland; the Ambassador of Jamaica to the United Nations (New York); the Ambassador of Sierra Leone to the United Nations (Geneva); the Ambassador of the Permanent Delegation of the Pacific Islands Forum to the United Nations Office and other international organizations in Geneva; and the Ambassador of the Permanent Delegation of the African Union to the United Nations Office and other international organizations in Geneva. The panel discussion was moderated by the Deputy Secretary-General of UNCTAD.

2. Opening the discussion, the moderator noted that every country in the world today was confronted by economic, social and environmental shocks. The resulting impacts of those shocks could destroy years of development efforts. Increasing global recognition of the interactions of natural hazards and human-induced crises had led many countries to design and implement national resilience strategies to both limit damage and enhance recovery from those shocks.

3. One panellist emphasized that environmental shocks resulting from climate change could adversely impact personal property, infrastructure, health and agricultural production. The Paris Agreement under the United Nations Framework Convention on Climate Change provided financial support to developing countries seeking to prepare and implement measures to enhance their resilience to climate change. Most panellists stressed the need for small island States in the Caribbean and Pacific and developing countries in Africa to build resilience to climate change, as well as to economic and health-related shocks.

4. Several panellists argued that their efforts to strengthen resilience were directly related to making better progress in diversifying their economies, enhancing the production of value added products and integrating their economies into global value chains. One panellist noted that African countries that had expected progress to occur after opening their economies years ago were now engaged in developing a stronger and more self-sufficient regional economy through the African Continental Free Trade Area. Another panellist argued that high debt burdens prevented many developing countries from allocating more financial resources to develop the national infrastructure needed to both bolster trade and reduce their vulnerability to environmental shocks. Another panellist proposed that the increased use of debt for nature swaps by multilateral finance institutions could significantly address the challenge of financing resilience measures, particularly those related to climate change, including in the energy and transport sectors.

5. Some delegates argued that a fairer, more equitable and inclusive multilateral trading system was needed to better support the national efforts of developing countries to build their resilience to shocks. The representative of one regional group stressed that building resilience was an ongoing process, and that a people-centred approach was important when designing and implementing resilience strategies. Another delegate emphasized that developing countries were the most vulnerable to environmental shocks and that financial support was needed for them to bolster their resilience to environmental shocks.

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Item 1 (c) of the agenda

Adoption of the report on credentials

Draft report on credentials

1. The Bureau met on 5 June 2018, in accordance with rule 17 of the rules of procedure of the Trade and Development Board, to examine the credentials of representatives participating in the sixty-fifth session, part I.

2. The UNCTAD secretariat informed the Bureau that the credentials of representatives, as provided in rule 17 of the rules of procedure, had been received for the sixty-fifth session, part I, of the Trade and Development Board.

3. The President proposed that the Bureau accept the credentials of representatives participating in the sixty-fifth session, part I, of the Trade and Development Board.

4. The Bureau found the credentials of the representatives to be in good order.

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